GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2596
ANSWERED ON:18.12.2003
MEGA POWER PROJECT STATUS TO CENTRAL THERMAL PROJECTS
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of POWER be pleased to state:

(a) whether the Union Ministries of Power and Finance are opposed to the proposalfor extending mega-power project status to thermal projects of 250 MW capacity;

(b) if so, whether in 1999, the Union Government had notified 18 power projects as mega projects, conferring upon them various duty and licensing benefits;

(c) whether the Center`s approval to this project is awaiting; and

(d) if so, the time by which the final decision in this regard is likely to be taken?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : The mega power policy announced in 1995 has been reviewed and revised from time to time after due inter-ministerial consultations, considering the experience gained in its implementation and the needs of the power sector. The policy was first revised in November, 1998 and provided for zero customs duty for import of capital equipment for 19 identified inter-state mega power projects in the Public as well as Private Sector. In addition, the income-tax holiday has been continued with the provision that the tax holiday period of 10 years can be claimed by a promoter in any block of 10 years within the first 15 years. The enabling notifications under the relevant provisions of the Customs Act, 1962 (52 of 1962) were issued during 1999 in which 18 out of the 19 identified projects which had a capacity each of 1000 MW or more in the case of thermal projects and 500 MW or more in the case of hydro-electric projects, were exempted from payment of customs duty on the import of capital goods. One of the identified projects viz., the Chamera-II hydro electric project was not notified for the customs waiver benefits since its capacity was less than 500 MW.

In addition to the above, the Sipat Super Thermal Power Project (4x660MW) being implemented by the National Thermal Power Corporation (NTPC) inChhattisgarh has been accorded mega power project status by the Government of India inDecember, 2001. The enabling notification for the Sipat project has been issued in 2002.

As per the latest amendment to the Customs Notification issued in March,2003, the customs duty waiver has been extended to all inter-state projects which fulfill the basic criteria of minimum capacity of 1000 MW for thermal and 500 MW for hydelprojects subject to certification by the Ministry of Power. Further modifications of the policy are under inter-ministerial consultations.